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ANNUAL REPORT

*Governor
of Hawaii*

TO THE SECRETARY OF THE INTERIOR

FOR THE FISCAL YEAR ENDED JUNE 30

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*Governor
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UNITED STATES DEPARTMENT OF THE INTERIOR

Douglas McKay, Secretary

TERRITORY OF HAWAII

Samuel Wilder King, Governor



UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, D. C.

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ANNUAL REPORT OF THE GOVERNOR OF HAWAII

Samuel Wilder King, Governor

A REVIEW OF THE YEAR

The Executive

At the beginning of the year the Honorable Oren E. Long was Governor of Hawaii. When the new administration went into office, Samuel Wilder King was nominated Governor of Hawaii by President Eisenhower, confirmed by the United States Senate, and inaugurated in Honolulu on February 28, 1953.

The Twenty-seventh Legislature met in regular session and on March 17 the members were addressed by Governor King. A number of the new administration's policies were enumerated. The primary objective was to continue the bipartisan emphasis to attain statehood for Hawaii. All other programs of the administration were to be geared to the impending transition from a Territory to a State.

The message to the Legislature, and public statements of the Governor made as the year progressed, gave impetus to the administration's program to emphasize better use of the public lands as an encouragement to the one-family type of farming and ranching. Throughout the year discussions were held on specific proposals relating to financing, irrigation, transportation and marketing, to implement this program. The Legislature established an Hawaii Irrigation Authority to develop water resources. Homesteading is being encouraged to the utmost degree. Roads and water for a number of homestead areas will be provided.

Study committees have been named and will make specific recommendations to the Governor on a number of subjects: A Governor's Advisory Committee on Taxation will review the tax structure. A Committee on Boards and Commissions will propose means of amal-

gamation. A Project Priorities Committee will review public works projects and recommend which should be started and which should be held in abeyance. The Civil Service Commission will propose what is needed to review classification and salaries.

As to a review of the year's activities, reports show a continuing increase in homes, schools, public buildings, highways, motorcars, and electric appliances; and in the services of public utilities, hospitals, restaurants, theaters, and other things that contribute to well-being of the people. Hawaii enjoys the highest standard of living, on a per capita basis, of any island area in the world, a standard fully equivalent to the average of our nation as a whole and considerably above the standards in many parts of the mainland.

The postwar record of Hawaii's growth is impressive, but only by intelligent planning and hard work will Hawaii be able to maintain her present standards and continue to make the further progress to which all people naturally aspire.

A mid-year report shows that in 1952 Hawaii exported products amounting to \$250,000,000. These included income from export of sugar and pineapple amounting to \$226,000,000, income from export of coffee, canned fish, sportswear, metal scrap, flowers and foliage amounting to \$11,000,000 and income from export of hides, petroleum products, papaya and other products amounting to \$3,000,000.

The Federal Government made expenditures in Hawaii amounting to \$306,000,000. This amount came from expenditures of the Armed Forces approximating \$250,000,000, expenditures of civilian agencies for goods and services amounting to \$17,000,000 and other expenditures such as grants, transfer payments, tax refunds and others amounting to \$35,000,000.

Mainland firms and individuals purchased goods and services in Hawaii amounting to \$62,000,000. The islands received from tourists and transients, including crews of commercial carriers, the amount of \$35,000,000. Hawaii sold goods and services to shipping and airlines and to national advertisers and other mainland businesses amounting to \$27,000,000. Hawaii's people earned \$22,000,000 in dividends, interest and profits from overseas investments and received remittances from workers in forward areas and other personal gifts amounting to \$15,000,000.

Thus Hawaii's total income in mainland dollars was \$645,000,000.

In 1952 the people of Hawaii spent money outside of the Territory amounting to \$349,000,000. From the mainland the people purchased food, clothing, automobiles, household appliances, construction materials, machinery and equipment, drugs, cigarettes and many other items amounting to \$329,000,000. From foreign countries were pur-

chased fertilizer, lumber, newsprint and other products amounting to \$20,000,000.

Hawaii made payments to the Federal Government in taxes and other spending amounting to \$154,000,000.

The people of Hawaii purchased services from mainland or foreign concerns amounting to \$78,000,000. For ocean and freight services Hawaii paid \$30,000,000. For travel and transportation expenses of Hawaiian residents overseas \$24,000,000 was expended. For other services of mainland business, including net cost of insurance, entertainment, advertising and miscellaneous business expenses, Hawaii paid \$24,000,000.

Interest, dividends, and profits to overseas investors amounted to \$16,000,000.

Personal remittances sent abroad and money taken out by emigrants amounted to \$9,000,000.

Thus Hawaii's total expenditures in 1952 amounted to \$606,000,000.

This means that the people of Hawaii earned more mainland dollars than they spent in 1952 in the amount of \$39,000,000.

Business activity for the first 7 months of the year was above the levels of the comparable period in 1952 in bank clearings, building permits, gas sales, retail sales and sugar production. The only decline was in the value of real estate transfers which declined 6.6 percent.

The 1953 sugar production of 823,428 tons through August 8 was slightly more than 52,000 tons above that of the corresponding period in 1952. Production through August was approximately 76 percent of the 1953 estimated crop of 1,078,000 tons.

To summarize: The past year was, on the whole, a stable and prosperous one in Hawaii, with all but a few gainfully employed. The anticipated cessation of hostilities in Korea may have considerable impact upon the economy of Hawaii and will require careful analysis and review of income and expenditures as the biennium progresses.

The Legislature

The major responsibility of the 1953 legislative session was to resolve the salary and classification problems of Territorial government employees in keeping with the revenues which would be derived from the existing tax structure. This was done by granting retroactive pay increments which would be paid on a formula basis over a period extending as long as 4 years. Increases in salary were provided when the Territory converted its civil-service pay scale to a general schedule.

During the 27th legislative session there were 1921 bills introduced of which 1191 were introduced in the House and 730 in the Senate.

There were also introduced 107 Senate joint resolutions, 57 Senate concurrent resolutions, and 90 Senate resolutions, as well as 125 House joint resolutions, 76 House concurrent resolutions and 137 House resolutions.

Of the bills introduced 311 were sent to the Governor for his signature; 157 were House bills and 154 were Senate bills.

Of the 232 House and Senate joint resolutions passed, 24 House resolutions and 33 Senate resolutions were sent to the Governor.

Of the bills sent to the Governor for signature, 282 became acts of the 27th Legislature, comprising 145 House bills and 135 Senate bills.

The Governor vetoed three bills: One House bill and two Senate bills, and pocket-vetoed 26 bills—11 were from the House and 15 from the Senate.

Of the 67 House and Senate joint resolutions sent to the Governor for signature, one House resolution and one Senate resolution were vetoed, and one House resolution and 6 Senate resolutions were pocket-vetoed.

The Judiciary

Courts of the Territory functioned normally throughout the year in spite of continued vacancies. The Supreme Court operated at full-strength with three Justices, but in the Circuit Courts there were vacancies for 4 months in the Third Division and for 11 months in the Fifth Division. A number of interim appointees filled other judge-ships. An analysis of the caseload of the Judiciary for the fiscal year ended June 30, 1953, is shown below:

Court	Disposed of	Pending
Supreme Court of the Territory of Hawaii.....	52	30
Circuit Courts:		
1st Circuit (7 divisions), vacancies.....	6,006	6,236
3d Division—Feb. 1–June 30, 1953.		
5th Division—July 1, 1952–June 30, 1953.		
2d Circuit.....	461	269
3d Circuit.....	1,306	528
5th Circuit.....	434	312
District Courts:		
1st Circuit (8 districts).....	90,581	1,118
2d Circuit (6 districts).....	4,175	117
3d Circuit (9 districts).....	6,744	92
5th Circuit (5 districts).....	865	5

STATEHOOD LEGISLATION

Following the adjournment of the 82d Congress without action by the Senate on the Hawaii statehood legislation, similar bills were introduced in both Houses of the 83d Congress and the fight for statehood continued. There were new hearings before the Interior and Insular Affairs Committee of each House during the year.

At the House hearing, many technical questions relating to public lands, tidelands, and other matters of detail were ironed out to the apparent satisfaction of all parties concerned. Following the hearing, and with the strong support of the President and House leaders, a substitute bill, H. R. 3575, embodying numerous amendments to the original bill numbered H. R. 49, was passed in the House by the vote of 274 to 138. A total of 17 States voted unanimously for the measure.

When the bill reached the Senate, it was referred to the Committee on Interior and Insular Affairs. Because of the interest of some Members in Hawaii's boundaries and population statutes, as well as to hear from several opponents of statehood, more hearings were held. These hearings were completed except for one witness whom the committee has asked to testify in January 1954. Action on the Hawaii bill was therefore delayed pending consideration of Alaska statehood legislation, including hearings in Alaska during the summer, and the appearance of this one additional witness. Apparently all important technical objections were resolved satisfactorily at the Senate hearing.

There is strong national support for admittance of Hawaii to the Union during the next Congress. While the loss of Senator Robert A. Taft's leadership is keenly felt by statehood supporters, a strong case has been made by Hawaii's Delegate to Congress, Joseph R. Farrington, and other prominent witnesses from Hawaii. Irrefutable testimony has been added from well-known leaders across the Nation, including support from Members of the Congress itself. The strong endorsement and leadership of President Dwight D. Eisenhower; the new Senate Leader, William F. Knowland; Committee Chairman Hugh Butler, and the support of other friends of Hawaiian statehood from both political parties, justify an optimistic anticipation of favorable action by the Senate Interior and Insular Affairs Committee, and by the Senate, during the next session of the 83d Congress.

The Hawaii Statehood Commission is prepared to assist the Delegate and Members of the Senate in pressing for such final action during 1954.

ECONOMY OF HAWAII

A high level of economic activity was maintained throughout the year. The sugar crop was the fourth largest in the industry's history, and averaged \$125 per ton for 1952. Pineapple production neared the 30,000,000 case mark. Visitors came to the islands in increasing numbers, each quarter breaking the previous record, the peak to date for 1953 being 8,244 in June. Bank clearings in 1952 were \$2,246,-312,000 compared to \$1,955,417,000 in 1951.

A summary of the four major sources of the economy of Hawaii shows the following:

Armed Forces.—The islands' largest source of income is the money spent by the Federal Government for military purposes. The goods and services purchased by the Armed Forces, plus payrolls, are considered Hawaii's most important "invisible export." Military expenditures, including payrolls and purchases of goods and services, approximated \$261,079,000 during 1952, compared with \$220,725,000 in 1951.

Sugar.—Sugar is Hawaii's No. 1 industry. It is the keystone of the Territory's economy, its largest single source of industrial income, largest single provider of year-round employment—with 21,500 on plantations, and largest taxpayer. Hawaii's official 1952 crop of raw sugar totaled 1,020,450 short tons, fourth largest in the industry's history. The crop was valued at a record-breaking \$138,860,000. This compares with 995,759 tons produced in 1951, valued at \$136,052,000.

Pineapples.—Pineapple production and processing form the second largest industry in the Territory and provide full-time and seasonal employment to more than 22,000 persons on plantations and in canneries. Pineapple production for the pack year ending May 31, 1953, totaled 29,476,494 cases, and was valued at approximately \$100,000,000. The previous year's pack was 26,075,606 cases.

Tourists.—Hawaii's third basic industry is the tourist business. Growth in the tourist trade has been gradual down through the years reaching an annual peak in 1952 when 60,539 tourists visited the islands and spent an estimated \$32,800,000. This compares with 50,352 visitors in 1951. The present worth of the tourist industry to the Territory is more than \$40,000,000 annually. The Hawaii Visitors Bureau regards the tourist trade as the island's greatest single source of immediately available revenue and a potential rival of the sugar industry for No. 1 place in the Territorial economy.

Highlights of Business Activities

Air travel.—Honolulu International Airport, the principal airport in the Hawaiian Islands, is one of the busiest airfields in the United States. During the fiscal year there were 194,129 takeoffs and landings at the airport, compared with 201,049 the previous year. The decrease of 3.4 percent is due to a lesser amount of private civilian flying and military aircraft operations being returned to military areas.

Interisland airlines carried 554,900 passengers and 25,920,000 pounds of cargo between the islands during the year.

Banks.—Bank deposits at the close of the year 1952 totaled \$394,691,101, compared with the 1951 total of \$376,329,868.

Building.—The value of buildings constructed in the city and county of Honolulu in 1952 totaled \$42,164,294, compared with \$42,633,344 in 1951. A total of 6,156 building permits was issued in 1952, compared with 6,230 in 1951.

Custom receipts.—Custom duties and receipts for Hawaii district during the year 1952 totaled \$2,336,655, compared with \$1,634,080 in 1951.

Diversified crops.—The estimated value of diversified crops and livestock marketed in 1952, based on wholesale prices, was \$35,700,000, compared with \$34,800,000 in 1951.

Internal revenue.—Federal internal revenue collections for the Territory during the year 1952 totaled \$134,995,730, compared with \$98,022,630 in 1951.

Motor vehicles.—There were 164,759 motor vehicles registered in the Territory on December 31, 1952, compared with 155,605 in 1951. Of this number 122,078 were registered on the island of Oahu.

New business.—There were 39,603 business licenses issued by the Tax Commissioner during 1952, compared with 39,343 in 1951. The number of business licenses canceled during 1952 was 6,599, compared with 8,102 in 1951. Total net active licenses in effect on December 31, 1952, was 37,034.

Postal receipts.—Postal receipts in Honolulu amounted to \$3,649,682, compared with \$2,952,838 in 1951.

Retail trade.—Retail trade led all business activities during 1952 with a total volume of \$521,189,496, compared with a total of \$539,005,142 in 1951.

Shipping.—The number of overseas vessels departing from Honolulu Harbor during 1952 was 1,123, compared with 941 the previous year. Tonnage of vessels passing in and out of the harbor during 1952 was 9,564,719 gross tons, compared with 8,254,370 gross tons in 1951.

Stocks and bonds.—The Honolulu Stock Exchange reports stocks and bonds traded in during 1952 totaled \$5,281,830, compared with \$5,562,573 in 1951.

Real property.—The assessed value of real property in the Territory for the calendar year 1952 totaled \$1,293,436,000, compared with \$810,324,000 in 1951.

Tax collections.—Collections of Federal, Territorial, and County taxes in the Territory during 1952 totaled \$216,466,638, compared with \$173,805,390 in 1951.

Wages and salaries.—Wages and salaries paid in the Territory of Hawaii during 1952 totaled \$502,174,589, compared with \$476,073,243 in 1951.

Wholesale trade.—The second largest business activity in Hawaii—wholesale trading—totaled \$242,511,435 in 1952, compared with \$251,417,251 in 1951.

Exports and imports.—Exports of Hawaiian products totaled \$240,000,000 in 1952, and imports totaled \$349,000,000. Hawaii's imports from the mainland totaled \$400,000,000 in 1951, and its exports to the States in the same year totaled \$238,000,000.

Public Finances

Budgetary matters.—The Bureau of the Budget reports the story of the general fund for the biennium 1951–53 as shown below:

The general fund is financed from general purpose revenues which are not restricted for specific functions or activities. Use of these funds is authorized by legislative appropriations.

While the cash deficit in the general fund at the beginning of the biennium of \$1,070,278 was increased by \$198,442 to a cash deficit at the close of the biennium of \$1,268,720, the accrued deficit at the beginning of the biennium of \$2,394,290 was reduced by \$297,635 to an accrued deficit of \$2,096,655 at the close of the biennium as follows:

The general fund of the territory began the biennium 1951–53 with	
a cash deficiency of ¹ -----	\$1, 070, 278
Unliquidated encumbrances at June 30, 1951, of-----	1, 324, 012
	<hr/>
Changed the cash deficit to an accrued deficit of-----	2, 394, 290
	<hr/>

NOTE.—The carrying over into biennium 1951–53 of the unexpended appropriations in effect on June 30, 1951, of \$7,981,332 changed the estimated potential deficit of \$9,051,610 to a cash deficit of \$1,070,278.

¹ Caused by immediate demands in the amount of \$4,661,027 being in excess of cash on hand in the amount of \$3,590,749.

Liabilities and obligations:

Unexpended appropriations at June 30, 1951, carried over.....	\$7, 981, 332
Appropriations effective July 1, 1951, and after.....	101, 682, 087
Regular session, 1951.....	\$92, 394, 666
Regular session, 1953.....	8, 190, 733
Continuous appropriations.....	1, 094, 753
Lapsed appropriations restored.....	1, 935

Additional obligations set up for appropriated receipts.....	8, 040, 485
--	-------------

The gross amount of liabilities for 1951-53 totaled.....	117, 703, 904
However, this amount was reduced by lapses of.....	3, 656, 647

To net total liabilities and obligations of.....	114, 047, 257
--	---------------

Means of financing:

General purpose revenues amounted to.....	95, 815, 179
Appropriated receipts (see item 3 above) totaled.....	8, 040, 485

For total means of financing of.....	103, 855, 664
--------------------------------------	---------------

Resulting in a deficit for the biennium 1951-53 of.....	10, 191, 593
Addition of the cash deficit at the beginning of.....	1, 070, 278

Will increase the biennial deficit to a total deficit at June 30, 1953, of.....	11, 261, 871
---	--------------

Deducting unexpended appropriations to be carried over to the 1953-55 biennium of.....	9, 993, 151
--	-------------

Will result in a cash deficit on June 30, 1953 of.....	1, 268, 720
caused by immediate demands in the amount of \$5,713,922,	
being in excess of cash on hand in the amount of \$4,445,202.	
Unliquidated encumbrances at June 30, 1953 of.....	827, 935

Will increase the cash deficit to an accrued deficit of.....	2, 096, 665
--	-------------

Receipts and expenditures:**Receipts:**

	<i>Biennium, 1951-53</i>
Tax revenues.....	\$87, 968, 443
Other revenues.....	7, 846, 736
Appropriated and other receipts.....	8, 040, 485

Total receipts.....	103, 855, 664
---------------------	---------------

Less expenditures.....	104, 054, 106
------------------------	---------------

Excess of expenditures over receipts.....	198, 442
---	----------

Available cash at beginning.....	D1, 070, 278
----------------------------------	--------------

Available cash at close.....	D1, 268, 720
------------------------------	--------------

The excess of expenditures over receipts was held to a minimum.

The major increases in tax revenues were an increase of \$4.4 million from the general excise tax and \$2.9 million from the compensation and dividends tax. The increase in other revenues came from rentals of leased public lands.

Tax revenues:

Total collections by the Tax Commissioner amounted to-----	\$145, 949, 082
Less taxes credited to other than general fund-----	60, 353, 737
Fuel taxes to highway fund-----	\$8, 811, 271
Fuel taxes to airport fund-----	2, 741, 680
Payroll taxes to unemployment compensation--	4, 648, 708
Real property and general excise taxes to county revenues-----	44, 152, 078
General fund collections by Tax Commissioner-----	85, 595, 345
Add inheritance tax collected by Treasurer-----	582, 630
And insurance premium tax collected by Treasurer-----	1, 790, 488
Total tax revenues-----	87, 968, 463

Departmental operations:

The General Appropriation Act authorized \$80,334,651 for the use of operating departments and staff agencies during the biennium. This amount was determined on the basis of the actual expenditures of the departments during the preceding biennium. This method of determining appropriations created hardships for some departments. It necessitated a supplementary appropriation of \$1,551,303 by the 1953 legislature. In addition to the amount of appropriations lapsed to the general fund of \$3,656,647, the departments accomplished savings by contributing \$867,304 toward the cost of the base-pay increase authorized by Act 322, S. L. H. 1951, and \$498,653 to the Governor's contingent fund at the end of the first fiscal year of the biennium. Of the latter amount, \$385,098 was lapsed to the general fund on June 30, 1953.

Whereas taxes and Federal grants-in-aid accounted for 89.4 per cent of revenue receipts, governmental cost payments were 65.2 per cent of expenditures, and were made as follows:

	<i>Percent</i>
For schools-----	27. 7
For highways-----	15. 2
For public welfare and charities-----	11. 5
For hospitals and institutions-----	10. 8
Total-----	65. 2

The Bureau of the Budget prepared the budget for the 1953 legislature on a performance basis—according to activities supported by work programs.

The Budget Bureau continued as the agency for the surplus property program under the Federal Property and Administrative Services Act of 1949, and received for distribution personal property amounting to \$459,000 and real property of \$36,354.

The Territorial government through the Bureau has cooperated with the National Income Division of the United States Department

of Commerce in developing an income series for Hawaii covering the years from 1939 to 1952. A report on findings and methodology will be published by the Department of Commerce. For 1952 the Hawaii per capita personal income closely approximated the average for the United States. This study will be continued on an annual basis.

A comprehensive insurance survey was completed by retained specialists. A report on all risks of the Territory was submitted to the 1953 legislature. For the time being the Territory is continuing on a self-insurance basis except for motor vehicle fleet insurance.

Tax collections.—Total tax collections for the fiscal year ended June 30 were \$70,484,674. This was \$4,979 lower than the collections of \$75,464,407 for the fiscal year ended last year. However, \$4,957,058 represents a decrease in real property collections due to an extension of the 1953 legislature. After adjusting for real property tax collections the net decrease would amount to \$22,674.

An objective of the administration is to review the existing tax structure of the Territory and its political subdivisions and to determine what steps should be taken to improve it. A Governor's Advisory Committee on Taxation to undertake this review was created. Membership on the Committee includes the Tax Commissioner, the Budget Director, the Controller of the City and County of Honolulu and members representing agriculture, industry, labor, and consumers. Each of the major islands is represented. The Committee is to determine what measures are necessary to make the tax structure adequate to yield the revenues required for the operation of the government, fair in the distribution of the tax burden, and sound as to its effect on the economy of the Territory.

An agreement between the Secretary of the Treasury and the Territory of Hawaii was entered into late in 1952, whereby the withholding of the 2 percent tax on compensation of Federal civilian employees would commence with the first payment of wages in 1953. The withholding has relieved some 38,000 employees from filing individual returns for the tax. A majority of the Federal civilian employees favor the withholding pay-as-you-go plan.

Following are comparative statistical statements which are self-explanatory:

Comparative Real Property Tax Values and Other Related Data Covering the Entire Territory

	As of Jan. 1, 1952	Percent to total	As of Jan. 1, 1953	Percent to total
Assessor's gross valuation:				
Land	\$710, 282, 347	54.91	\$698, 148, 360	53.96
Improvements	583, 153, 889	45.09	595, 701, 590	46.04
Total	1, 293, 436, 236	100.00	1, 293, 849, 950	100.00
Exemptions:				
United States	317, 836, 376	24.57	317, 692, 729	24.55
Territory	103, 211, 512	7.98	100, 404, 327	7.76
Counties	36, 678, 378	2.84	36, 954, 921	2.86
Homes: 1952—38,145, 1953—40,344	104, 271, 866	8.06	110, 916, 532	8.57
Public utilities	24, 413, 380	1.89	24, 788, 516	1.92
All others ¹	55, 422, 930	4.28	57, 211, 149	4.42
Total exemptions	641, 834, 442	49.62	647, 968, 174	50.08
Assessor's net taxable values	651, 601, 794	50.38	645, 881, 775	49.92
Valuations on appeal	42, 220, 373		10, 996, 357	
Taxpayers' net valuation	609, 381, 421		634, 885, 419	
50 percent of valuation on appeal	21, 110, 186		5, 498, 178	
Net valuation for tax rate purposes	630, 491, 607	48.75	640, 383, 597	49.49
Amount raised by taxation	11, 100, 000		10, 800, 000	
Average rate per \$1,000 value	17.60		17.16	

¹ Schools, hospitals, churches, etc.

Trend In Economic Conditions as Reflected by Business Volume, Wages, Dividends, Gasoline Consumption, Etc.

Items	1951-52	1952-53	Increase or decrease ¹	Percent- age
Gross business income	\$1, 371, 429, 313	\$1, 402, 253, 092	\$30, 823, 779	2.25
Retail sales	516, 737, 739	515, 086, 757	¹ 1, 650, 992	¹ .32
Wholesale sales	245, 930, 481	245, 611, 625	¹ 318, 856	¹ .13
Sugar sales	109, 028, 043	112, 363, 203	3, 335, 160	3.06
Canning (pineapple sales, etc.)	73, 067, 217	94, 890, 609	21, 823, 392	29.87
Manufacturing	76, 839, 406	86, 771, 389	9, 931, 983	12.93
Producing	50, 026, 231	45, 184, 765	¹ 4, 841, 465	¹ 9.68
Contracting	93, 183, 162	87, 994, 510	5, 188, 652	¹ 5.57
Total number of licenses issued	39, 903	39, 616	¹ 287	¹ .72
Wholesale value of tobacco sales	7, 465, 582	8, 623, 921	1, 158, 339	15.52
Wholesale value of liquor sales	16, 119, 285	16, 499, 657	380, 372	2.36
Salaries and wages	479, 739, 687	505, 249, 849	25, 510, 162	5.32
Dividends	33, 401, 918	31, 479, 703	¹ 1, 922, 215	¹ 5.75
Gasoline consumption—gallons	99, 987, 490	102, 779, 223	2, 791, 733	2.79
Diesel oil consumption—gallons	33, 010, 560	28, 132, 844	¹ 4, 907, 746	14.85
Aviation gasoline consumption—gallons	33, 720, 720	34, 821, 275	1, 100, 555	3.26

See footnote at end of table, p. 13.

Comparative Statement Showing Allocation of Biennial Tax Collections

	Biennium, 1949-51	Biennium, 1951-53	Increase or decrease ¹	Percent- age
General fund revenues (Territory)-----	\$76,000,673	\$85,595,345	9,594,672	12.62
Counties' share-----	43,716,220	44,152,079	435,859	1.00
Territorial highway fund-----	7,663,736	8,811,270	1,147,534	14.97
Territorial airport fund-----	1,721,269	2,741,680	1,020,411	59.28
Unemployment trust fund-----	4,978,557	4,648,708	¹ 329,849	¹ 6.63
Total tax collections-----	134,080,455	145,949,082	11,868,627	8.85

Comparative Statement of Tax Collections for the Fiscal Years Ended June 30, 1952 and 1953

Kind of tax	1951-52	1952-53	Increase or decrease ¹	Percent- age
Bank excise—current year-----	\$175,822.50	\$177,931.25	\$2,108.75	1.20
Compensation and dividends:				
Current year-----	10,301,558.33	10,759,771.92	457,813.59	4.44
Prior years-----	397,433.30	386,493.98	¹ 10,939.32	2.75
General excise, consumption and compen- sation:				
Current year-----	30,299,033.62	31,046,659.16	747,625.54	2.47
Prior years-----	864,164.75	794,967.75	¹ 69,197.00	8.01
Income—Corporation:				
Current year-----	4,313,277.36	3,148,214.20	¹ 1,165,063.16	27.01
Prior years-----	145,781.34	68,782.72	¹ 76,998.62	52.82
Income—individuals:				
Current year-----	1,490,958.63	1,521,618.21	30,659.58	2.06
Prior years-----	188,145.87	149,015.89	¹ 39,129.98	20.80
Liquid fuel—current year-----	8,459,459.98	8,731,039.76	271,597.78	3.21
Liquor:				
Current year-----	1,907,571.28	1,925,778.40	¹ 18,207.12	.95
Prior years-----	26,908.61	54,739.38	27,830.77	103.43
Public utilities:				
Current year-----	2,058,263.82	2,240,312.04	182,048.22	8.84
Prior years-----	86,310.64	36,422.84	49,887.81	57.80
Personal property—prior years-----	2,471.43	4,173.12	1,701.69	68.85
Real property:				
Current year-----	10,882,593.44	5,929,022.82	¹ 4,953,570.62	45.52
Prior years-----	268,776.21	189,498.87	¹ 79,277.34	29.50
Tobacco:				
Current year-----	1,119,776.38	1,143,078.06	23,301.68	2.08
Prior years-----	65.96	532.18	466.22	706.82
Unemployment security—current year-----	2,473,518.57	2,175,189.47	298,329.10	12.06
Poll—prior years-----	37.71	37.71	37.71	-----
Public welfare—prior years-----	2,115.22	1,394.66	¹ 720.56	34.07
Total—current year-----	73,482,233.51	68,798,615.29	¹ 4,683,618.62	6.37
Total—prior years-----	1,982,173.33	1,686,059.09	¹ 296,114.24	14.94
Grand total-----	75,464,407.24	70,484,674.38	¹ 4,979,732.86	6.60

¹ These collections are exclusive of collections made by the counties, and also certain revenue collected by other Territorial departments.

Status of the treasury.—The outstanding indebtedness of the Territory of Hawaii as of June 30, 1953, was \$41,224,000 as compared with \$42,818,000 in 1952.

The Hawaiian Organic Act establishes the total indebtedness of the Territory at 10 percent of the assessed value of property in the Territory as shown by the last assessment for taxation. The ceiling of indebtedness amounts to \$64,038,000. Since the outstanding indebtedness for June 30, 1953, is \$41,224,000, the excess of authority to borrow over the existing indebtedness amounts to \$22,814,000.

The Hawaiian Organic Act also establishes the total indebtedness to be incurred by the Territory in any one year at 1 percent of such assessed value of property. However, recent public laws have modified the Territory's debt limitations so that during the years 1949 to 1955, both inclusive, public improvement bonds may be floated in such amounts as will not cause the total indebtedness to exceed the sum of \$50,000,000. Any extension of the total indebtedness beyond \$50,000,000, shall be made in conformity with the Hawaii Organic Act.

There were registered with the Office of the Territorial Treasurer for the fiscal year 1,657 domestic joint stock corporations and 572 domestic eleemosynary stock corporations, as well as 2,097 general partnerships. There were 1,674 trade-marks and 2,174 trade names registered.

Banks.—Four banks with 44 branches were in operation at the close of the fiscal year. These four, with main offices in Honolulu, are the American Security Bank, the Bank of Hawaii, the Bishop National Bank of Hawaii, and the Liberty Bank of Honolulu. These banks operate branches on the major islands.

Trust companies.—Five trust companies were in operation in the Territory at the close of the fiscal year: Bishop Trust Co., Ltd.; Cooke Trust Co., Ltd.; First Trust Co. of Hilo, Ltd.; the Hawaiian Trust Co., and the Honolulu Trust Co. Total assets were \$18,800,000.

Savings, building and loan associations.—Nine associations were in operation at the close of the fiscal year. These were the Home Building and Loan Association, Ltd.; the Honolulu Savings and Loan Co., Ltd.; the International Building and Loan Association, Ltd.; the Oahu Savings and Loan Association; the Pioneer Savings and Loan Association; the Territorial Building and Loan Association, Ltd.; the American Savings and Loan Association; the State Savings Loan Association and the First Federal Savings and Loan Association of Hawaii. The combined assets of these associations were \$65,127,000.

Industrial Loan Act.—Forty-six licensees were authorized to operate at the close of the fiscal year with combined total assets of \$35,955,000.

Hawaii Visitors Bureau

Hawaii's tourist industry reached its greatest heights during 1952 and prospects are that 1953 will break all records for visitor arrivals. A total of 111,718 visitors, including transients, came to Hawaii during 1952. Of this number, 60,539 stayed 2 days or longer, and 51,179 remained less than 2 days. A total of 51,263 visitors were destined for Hawaii, compared to 60,455 destined beyond Hawaii. Of the visitors staying 2 days or longer, 5,921 were eastbound and the remainder, 54,618, were westbound from Canada or the continental United States.

Visitors spent \$32,800,000 in Hawaii in 1952, excluding trans-Pacific transportation costs. These expenditures increased 13.2 percent between 1951 and 1952. Expenditures by carriers and crews attributable to the visitor industry added \$8,800,000 to the above amounts in 1952. These figures do not take into account any of the millions of dollars spent in Hawaii by the airlines and steamship companies serving the territory or the spending of service personnel.

Preliminary estimates by the HVB indicate that by June 30, 1953, a total of 36,510 visitors arrived in Hawaii, making an expenditure of \$19,781,000—an increase of 24 percent over the same period of 1952.

An interesting sidelight relative to visitor statistics for the first 6 months of 1953 is furnished by the administration of Hawaii National Park. It reports that during the 6 months' period between January 1 and June 30, 1953, 182,854 sightseers visited the Kilauea section of the park on the island of Hawaii. Of this number, 18,500 were estimated to be visitors from outside of the Territory. The park administration also reported 22,000 persons visited the Haleakala section of the park on the island of Maui, 6,500 being sightseers from outside the Territory.

Hawaii's tourist promotion work is administered by the Hawaii Visitors Bureau which obtains funds through a \$500,000 biennial legislative appropriation and subscriptions by Hawaii's business communities on a matching basis.

The business communities increased their private subscriptions by \$50,000 for the biennium to meet increased costs of activity.

The Hawaii Visitors Bureau is administered with the advice and counsel of island businessmen and appointees of the Governor of Hawaii. Its activities include paid national advertising, promotion by the Bureau's publicity department, national radio programs, reception and assistance to visitors, and an island-wide cooperative program through individual island committees and offices.

Significant developments during the past year were as follows:

1. The appearance of HVB hotel survey, conducted by nationally known firm, which aided materially in analyzing needs for increased hotel and service facilities in the Territory.

2. The second annual conference of the Pacific Interim Travel Association was held in Honolulu, attended by government leaders and travel representatives of 15 countries bordering the Pacific. The conference formed a permanent organization known as the Pacific Area Travel Association and located its headquarters in San Francisco. The original idea of the Pacific Area Travel Conference was conceived by the Hawaii Visitors Bureau and its first two meetings were arranged and assisted by HVB staff.

3. A meeting of the Mid-America Chapter of the American Society of Travel Agents was held in Hawaii during April 1953, and was attended by delegates from the States of Indiana, Ohio, Kentucky, and Michigan.

4. Pan American World Airways and United Air Lines, serving Hawaii with several flights weekly, announced the inauguration of tourist fares which greatly increased the number of visitors arriving in the islands.

5. Inauguration of a speedier service between the islands of the Territory by Hawaiian Airlines, which placed in service faster and larger Convair planes to accommodate the increased tourist flow.

6. Publication of a booklet entitled "The Impact of Visitors Dollars in Hawaii" by the Hawaii Visitors Bureau, which graphically outlined the importance of the visitor industry to Hawaii. The publication attracted the attention of other tourist areas throughout the United States, as well as offshore areas, and drew the attention of leading travel publications, all of which credited the Bureau with making a substantial contribution to the national travel industry.

7. Announcement by the Hawaii Hotel Association of new building and increased service facilities to be ready next year. These are as follows:

In the Waikiki district of Honolulu: The Reef Hotel, 300 rooms; Edgewater Hotel, addition of 100 rooms; the Breakers Hotel, 42 rooms; Halekulani Hotel addition, 30 rooms; the Royal Grove Hotel, 15 rooms; the Aina Luana Hotel, 14 rooms; the Princess Kaiulani Hotel, 270 rooms; Waikiki-Biltmore Hotel, 275 rooms; Marjo Hotel, 12 rooms; and Cloward properties, 40 rooms.

In addition, proposed future development of hotel accommodations have been discussed for the Waikiki area which, if realized, would account for the addition of 500 rooms.

8. Increased facilities planned and announced on the neighbor islands include additions to the Coco Palms Lodge and Kauai Inn on the island of Kauai; an additional six suites at the Volcano House in Hawaii National Park, island of Hawaii.

9. Activity to bring about construction of a new hotel at Kahului, island of Maui.

10. During the year, the Territory attracted motion-picture companies which filmed productions in island settings. The pictures filmed included "Big Jim McLain," "From Here to Eternity," "Sadie Thompson," "Caine Mutiny," and "Beachhead." Production staffs of the studios making the films were given full cooperation by the HVB during their work in the islands. A conservative estimate of the amount of money spent in Hawaii by the film companies is placed at \$1,000,000.

All islands of the Territory reported increased tourist traffic to the extent that never before has there been such interest in increasing visitor accommodations, services and facilities as exists in Hawaii today.

Industrial Research Advisory Council

During the year the Council published a 920-paged volume containing some 5,200 abstracts of agricultural, industrial and economic research conducted in Hawaii from 1930-52. Almost a year was required to compile the abstracts, and an additional 5 months to print the 6-pound volume. This project was undertaken so as not to duplicate research already performed and underway, as mandated by the 1951 legislature. The book is being sold for the cost of printing—\$25 per copy. More copies have been sold to organizations and institutions in foreign countries, and on the mainland United States, than in Hawaii.

The Hawaiian Craft Exhibit opened in Waikiki on September 2, 1952. This exhibit was 1 of the 10 major objectives of the handicraft development project, an IRAC grant to the Chamber of Commerce of Honolulu. The exhibit is being shown to 1,100 visitors a month, nearly a fourth of whom are not residents of the Territory.

In March 1953 a portable exhibit 40 feet wide designed and built by the project was sent to San Francisco by Matson Navigation Co. for display in its offices there. Matson subsequently took the exhibit to Los Angeles and plans to send it throughout the country. It has attracted considerable attention. It is the first step toward intensified promotion of Hawaiian crafts on the mainland.

Gross sales volume of Hawaiian crafts increased 151 percent from 1949 to 1952. Dollar volume reported for 1949 was \$1,090,217, while 1952 total rolls to \$2,738,099. Sales volume of decorated textiles in-

creased by 236 percent. Furniture made from native woods increased by 176 percent. There were no decreases.

The IRAC food processing project, now in its fourth year, serves Hawaii's food-processing industry by providing facilities for experimental work and product analysis. The staff is constantly investigating new product potentials and seeking to improve the existing products.

IRAC has made a total of 43 grants which have been applied to 31 separate and distinct projects. The grants have ranged from \$300 to \$104,000. They have included work on foods for human and animal consumption, flowers and foliage, handicrafts, market development, cost studies, and others. Passion fruit, which has grown wild in Hawaii, had almost no acreage under cultivation in Hawaii 2 years ago. There is presently almost 100 acres under culture. Several meetings with commercial processors and the liberal distribution of samples, as well as consumer reaction tests conducted on the mainland by another IRAC project, resulted in commercial production of passion fruit nectar by one existing processor and the establishment of a new processing firm for passion fruit and guava products alone. The two processors are unable to buy sufficient fruit to meet their orders. Acreage of this agricultural product is expected to increase rapidly.

Three legislatures have appropriated a total of \$1,000,000 for the use of IRAC for the 6 years ending June 30, 1955, the current biennium appropriation being \$255,000.

In its efforts to boost and broaden the economy of Hawaii, IRAC has adhered to a firm policy which acknowledges that government and private enterprise have their separate vital roles; that the two can and should cooperate for the attainment of economic progress by exposing and attacking barriers to fuller development of economic potentials.

EDUCATION

Public Instruction

Special emphasis on the improvement of teaching through workshops for teachers has been continued. A second series of seminars dealing with economic education was planned. One seminar was held in Honolulu with approximately 150 teachers and laymen participating, another on the island of Kauai with about 400 participating,

equally divided between teachers and laymen, and a third at Kohala on the island of Hawaii with 75 teachers and 25 laymen taking part.

A 2-week in-service training program for teachers, principals and school administrators was planned to improve the teaching of citizenship in junior and senior high schools. Four visiting educators from Columbia University, including the executive director of the Citizenship Education Project, Dr. William Vincent, an organization financed by Carnegie Foundation and organized during President Eisenhower's years at Columbia, held all-day sessions in the field of citizenship education.

Further progress was made during the year in developing the special class program for children with mental handicaps. The University of Hawaii Psychological Clinic and the Bureau of Crippled Children are assisting in this project. Through the generosity of the Honolulu Community Chest Scholarship Committee more of our teachers are taking training in teaching handicapped children. An association of parents has been active in stimulating interest in and support for this work.

A survey of the teaching and professional staff was conducted by Science Research Associates, Inc., a mainland company engaged in the business of determining attitudes and morale factors among workers in industrial and business organizations. The survey showed a high level of morale among the teachers in the public schools of Hawaii and that they were strongly devoted to educational work, despite a belief that their salaries were low in comparison with mainland school systems.

Our entitlement of Federal money under Public Law 815 for the construction of new buildings remains the same as it was last year, \$5,992,904. Construction of the following schools has been approved:

Pearl Harbor Elementary-----	\$885,740
Barber's Point Elementary-----	791,000
Kailua Elementary-----	487,680
Aiea Elementary-----	791,000
Pearl City-----	316,000

Under Public Law 874 for current operations \$700,803 was received for the year 1952-53.

The shortage of school buildings to house the constantly increasing enrollment of children is still an acute problem. The table below shows enrollment increase during the past 4 years. Studies shew that this increasing trend will continue for several years.

Enrollment in January	1950	1951	1952	1953
Kindergarten.....	4,731	5,399	5,499	6,484
Elementary grades 1-6.....	47,412	50,308	53,302	56,156
Intermediate grades 7-9.....	19,777	19,642	20,064	20,533
High school grades 10-12.....	17,499	17,045	16,477	16,414
Special.....	1,367	1,509	1,495	1,734
Total.....	90,786	93,903	96,837	101,321

Total expenditures for public schools, exclusive of capital outlay, for the year ending June 30, 1952, was \$17,679,711.00—a per pupil cost of \$195.84 on the basis of average daily attendance. This represents an increase of \$7.66 per pupil over the previous year.

University of Hawaii

The University of Hawaii registration for the academic year was 5,796; Extension Division (adult education), 4,002; summer session, 3,264, one-quarter of whom were students from the mainland.

Research continued to emphasize agriculture, marine biology, intercultural relations, and other fields. Community-wide interest was roused by a popular lecture series during the academic year titled "These Crucial Times," and a summer session series, "The New Administration and Its Problems." A credit course for public school teachers and others pointing out the dangers and weakness of communism, was broadcast over four radio stations.

Noteworthy events during the year included installation of a Phi Beta Kappa Chapter, a comprehensive rent survey by the Legislative Reference Bureau, and the selection of a University Press book among the "Fifty Books" of 1952.

Numerous faculty members have been awarded scholarships and grants under the auspices of the McInerney Foundation, the Ford Foundation, the Bureau of Naval Research, the Fulbright Act, and the Commonwealth of Australia. Three Fulbright scholarships were awarded to students and two students won the John Hay Whitney Foundation opportunity fellowships for graduate study on the mainland.

Among new scholarships made available to students was the \$5,000 Li Foundation fellowship. It entitled island-born university graduates to 2 years of graduate study on the mainland.

The legislature appropriated funds for the construction of a classroom building for the branch at Hilo, Hawaii, and for a new library on the Honolulu campus. The present library building will be converted to classrooms.

Local and mainland institutions were generous in providing funds for special purposes. The Ford Foundation made a grant of \$69,000 jointly to the University of Hawaii, the University of California, and the University of Chicago for an Institute of Race Relations in World Perspective to be held in the summer of 1954. The McNerny Foundation of Honolulu provided an additional grant of \$3,000 for this purpose. The Carnegie Corporation of New York established a 5-year Tri-Institutional Pacific Program in which the university and the Bishop Museum were granted \$200,000 for research in cooperation with Yale University. Community sources—the Hawaiian Electric Co., the Western Electric Co., and the United States Navy—contributed costly training equipment for a heat power unit for a general engineering course. Valuable arboretum property located nearby in Manoa Valley was transferred to the University by the Hawaiian Sugar Planters' Association.

The following were recipients of honorary degrees: Harry S. Truman, former President of the United States; Samuel Wilder King, Governor of the Territory; Hiram Leong Fong, Speaker of the House, Territorial Legislature; M. L. Wilson, former Director of Extension, United States Department of Agriculture; Col. Adna G. Clarke, director of Alumni Affairs, University of Hawaii; and Louis M. Hacker, dean of the School of General Studies, Columbia University.

The budget totaled \$4,029,541. The sources of these funds were Federal, \$410,279; Territorial, \$2,346,948; university income from student fees and sale of services, \$1,272,314. At the end of the period, faculty members numbered 498; civil-service employees, 344.

Libraries of Hawaii

This year marks the 40th anniversary of free library service to the Territory of Hawaii. On the island of Oahu there are 7 branch libraries, 21 deposit stations and 2 bookmobiles. Last year Oahu circulated 1,239,638 books, periodicals, and pamphlets which were borrowed by 86,933 different persons.

The Library of Hawaii serves as an information center for the Territory by loaning books to the outside islands, by answering reference questions by mail for individuals and libraries and by maintaining collections of newspapers, magazines, pamphlets, pictures, films and recordings.

Last year the Library of Hawaii answered 99,259 reference questions for its patrons. Its children's and young people's librarians held 1,401 school classes and story hours which were attended by 50,707 children. The book collection numbered 234,754 volumes.

Hawaii, Kauai, and Maui all have libraries serving their respective counties. Maui also serves the islands of Molokai and Lanai. In addition to the main buildings, branch libraries have been built on Hawaii and Kauai. Hawaii has five branches located in small but attractive buildings. Kauai has two modern branches; the newest one at Kapaa is still in the planning stage. Maui has nine branch libraries and was granted funds for a new branch building to replace present quarters at Lahaina.

Hawaii County reported a circulation of 360,879 books, periodicals, and pamphlets for the year; Maui 261,833; and Kauai 201,450. This brings the total circulation for all the islands to 2,063,800 items borrowed by 128,963 individual library patrons. Bookmobiles are operated by each county library serving rural and some city schools on a regular schedule. Both Maui and Hawaii Libraries own and circulate phonograph records.

Hawaii Island initiated a series of bimonthly film programs which were shown to overflow audiences. Kauai has film programs in its Waimea Branch and is planning a record library for Kapaa. The Library of Hawaii has a film collection of 310 titles which it shows weekly at film programs in the main library and its branches. Last year an estimated 24,300 persons saw these educational pictures. A collection of 6,593 phonograph records and 37,840 talking book recordings for the blind are also included in its audiovisual collection.

Total expenditures of all the public libraries in the Territory were \$611,680 for the year.

Bureau of Sight Conservation

In 1935 when the Bureau of Sight Conservation and Work With the Blind was organized, there were 178 persons known to be blind; in 1953 there were 667 persons known to be blind. The causes of blindness are not increasing but the number of blind is. With the longer life span today a correlation is found between chronic illness or diseases of old age and blindness.

Through the vision testing program, one-tenth of the school population or 12,898 children in Hawaii were found to have eye defects this year. Children who had never been known to have defective vision were detected as a result of testing and were referred for medical care. One and five-tenths persons out of every thousand in Hawaii is blind. Approximately 40 percent of the adults in the community have an eye defect. Eighty new blind persons were given help this past year.

Case workers of the Bureau in 10,302 individual contacts were able to assist people. Help in arranging surgery was given to seven blind persons who now have their sight.

Eight rural eye clinics were organized and conducted during the year in the counties of Maui and Hawaii, with 494 persons attending.

The Director of the Bureau visited the Trust Territory to organize a medical eye program. Two doctors from the Trust Territory completed their internship in Hawaii and returned to the Trust Territory with a local physician and the Director. Working as a team, they examined persons with visual defects and tried to arrange necessary medical care.

Blindness is increasing among premature babies both in Hawaii and throughout the United States. A staff nursery teacher worked with 27 of the young children and made 503 visits to homes, in some instances giving direct help to the child and more often helping the parents work out problems in relation to the child's development.

One hundred and sixteen persons received services from the Vocational Rehabilitation Division during the year. Twenty-eight visually handicapped persons were given help in finding regular full-time employment.

The Territorial Shop of the Adult Blind gave full-time employment for 18 blind persons during the year. This is a self-supporting business, with no Territorial appropriation, which manufactures three grades of parlor brooms, warehouse and mill brooms, mops, coconut buttons and cane chairs.

The Bureau provided opportunity for 24 blind men to operate vending stands in public and private buildings. Sixteen stands were operating at the end of the year.

With a view to emphasizing the importance of proper care of the eyes and safety measures to reduce accidents resulting in eye injuries, the Bureau promoted a number of community educational projects.

The 35 Lions Clubs of the Territory were helpful in meeting the needs of individual blind persons and making arrangements for annual Christmas parties and picnics on all islands for Hawaii's blind persons.

The budget of the Bureau was \$162,019 of which \$25,757 were Federal fund expenditures.

Nursing Education

The Commission on Nursing Education and Nursing Service had as its objectives, first, to print in a readable and lay-acceptable form the voluminous and detailed report on nursing needs in Hawaii from data

gathered by a study group, and interpreted by Miss Ruth Gillan of the Federal Security Agency. This was accomplished at a cost of \$1,137 for printing and distribution. The pamphlet, "The Nurse of Tomorrow," has been widely distributed and used by groups interested in nursing service needs over the entire United States and from as far away as London, England.

The second objective, making scholarship information available to island nurses, was accomplished by gathering data and mimeographing a booklet called "Scholarships." Five hundred copies of the booklet as well as catalogs and supplementary material have been sent to all islands where they are accessible to interested nurses.

The Commission also worked with the Nurses' Association, Territory of Hawaii on a legislative program based on the needs as outlined in the booklet "The Nurse of Tomorrow." This program was presented to various health organizations and their cooperation solicited. There is need for a complete study of nursing functions in the Territory. Many problems, both in nursing service and nursing education, stem from varying interpretations of nursing duties and standardization is needed to eliminate many misunderstandings. The Commission hopes that further projects may be developed as the need arises.

Commission on Children and Youth

During the year the Commission completed three research studies concerned with the problems and needs of children and youth, the subjects being truancy, institutional care for mentally deficient children, and educational costs to children in the public schools.

The truancy survey revealed that Hawaii is fortunate in having a relatively low rate of truancy. Specific recommendations were made to the Department of Public Instruction, and two measures based upon the study were introduced into the legislature. One resolution requested an appropriation to enable the Department of Public Instruction to employ more school counsellors. Another bill eliminated the antiquated legislation regarding penalties to truant children.

The survey of mentally deficient children revealed some 200 children requiring institutional care, of which 77 were in urgent need of commitment. The Territory's institutional home for mentally deficient, Waimano Home, continues to be overcrowded. The Commission had introduced into the legislature a resolution directing that a statistical study be made at Waimano Home of the causes and incidents of mentally deficient in the Territory.

The Commission found some basic inequities under the present system of book rental and school fees charged to the families of pupils

in the Territory's public schools. Three measures based upon the findings of the Commission were introduced in the legislature, only one of which was enacted into law. This mandated counties to provide certain services such as paper towels and soap for their public schools.

HEALTH AND WELFARE

Health

The active immunization program has brought Hawaii another year without any deaths from smallpox, diphtheria, or typhoid fever. There have been no deaths from typhoid fever in 6 years, none from diphtheria in 7 years, and no case of smallpox for 40 years. During the year there were three cases of tetanus and one death.

An influenza epidemic reached a peak in January and February resulting in three deaths. Mumps were prevalent. Both the high rate of influenza and mumps were predicted but preventative measures are limited. There were 103 cases of paralytic poliomyelitis, and 7 deaths.

The date rate from tuberculosis, 10.88 per 100,000 is the lowest in the history of the Territory. Just 10 years ago the rate was five times greater.

New treatment methods for Hansen's Disease resulted in cases being "arrested." Patients can return to their homes and jobs without disability or disfigurement. An active rehabilitation program is being conducted at Hale Mohalu, the treatment center on Oahu.

The venereal disease rates are lower than the national average. Modern treatment is available to every infected person who is medically indigent.

Two regions on two islands are plague endemic areas, and while the number of plague infections has remained at a low level, careful surveillance must continue. During the year seven plague infections were found. No human case of plague has occurred since 1949 and no deaths since 1945. Six cases of typhus fever occurred.

The infant and mortality death rates continued at a record low: 21 per 1,000 and 3.1 per 10,000 live births, respectively.

A 2-week nursing institute was held in April as part of the program to lower the death rate from prematurity which is the leading cause of death under 1 year of age.

Deaths from accidents lead all other causes in the 1-24 age group.

The Health Department helped plan and conduct a conference for industrial nurses.

Increasing fumigation procedures required a large amount of time of the Bureau of Industrial Hygiene. Air conditioning and venti-

lating regulations were adopted. Other activities were in radiological health, occupational health, and control of air and atmospheric pollution. There was continued cooperation with the health and medical services of the Territorial Civil Defense Agency.

In health legislation, a section on narcotics control was established, and penalties for narcotic violations increased. Funds were appropriated for the Division of Dental Health. Several items concerned Hansen's Disease patients or their children. The total appropriations to the Health Department programs were \$451,739 less than for the previous biennium.

Cancer and heart disease are the leading causes of death, yet no program on heart disease control has been established by the legislature. The cancer control program is limited but plans are made for expansion during the next biennium.

In international health, Hawaii will continue to offer fields of study for workers of countries bordering the western Pacific. Hawaii is keenly conscious that the health status of countries of the Pacific is a matter for its concern, for with air transportation these regions are but hours away.

Public Welfare

Progress was made during the year in planning with government and private agencies to develop more effective services for people in the community. Cooperative efforts were directed toward rehabilitating welfare recipients, providing preventative and protective services to children, and the giving of services which would prevent or reduce the need for public welfare services. This work resulted in clearer definitions of the functions of both private and public agencies.

Legislation was enacted which clarified the Welfare Department's authority to provide protective services for children who are in danger of becoming neglected or delinquent. The program of protective services for children was enhanced by a further revision of the law broadening the scope of the Department's licensing authority to include the licensing of commercial boarding homes giving overnight care, exclusive of those used by the juvenile court and by the Department of Institutions.

There was an increase in the number of requests the Department made to the court to revoke the care and custody of children because they were reestablished with their parents.

A decrease in the number of children with whom the Department has assumed care and custody is noted because preventative services were given before the need for court adjudication. In June 1953, children under the care and custody of the Department numbered 1,206, as compared with 1,359 the previous year. The number of children cared for at foster homes and child-caring institutions declined while the number of children receiving services in their own homes increased. Individualized child welfare services were being received by 2,320 children in the middle of the year as compared with 2,666 a year ago.

The Board adopted a policy of discontinuing assistance for 3 months to persons who refused work offered them; raised the amount of real property a person may retain from \$3,000 to \$5,000 tax assessed valuation in line with the reevaluations made by the Territorial Tax Office; lowered the amount of insurance recipients may keep; and explored the possibilities of strengthening policy relating to support by relatives.

The caseload which was at its peak in 1950, declined about 5 percent during the past year. The average number of persons receiving financial help monthly over the year was 19,200 as compared to 20,238 a year ago. The ratio of persons helped in the Territory remained the same, 47 persons per 1,000 population.

During the year 3,882 new applications were approved for assistance while 3,962 cases were closed because assistance was no longer necessary or the recipient became ineligible: 48 percent of the cases were closed because the recipients secured jobs; the others either died or were not eligible for assistance for various reasons.

Able-bodied persons on general assistance continued to be required to work on work projects for the counties and the Territory. In addition, many handicapped persons were assigned to work projects in order to provide them hardening-to-work experience. A few recipients were able to secure regular jobs as a result of their fine work records on these projects. Reports numbering 262 were made to law-enforcement agencies because families were in need due to the desertion of the father or the mother. The county public prosecutors have co-operated in locating and prosecuting delinquent parents.

Assistance payments were made at 70 percent of minimum standards. Payments averaged \$27.89 a month per person as compared with \$27.35 the previous year.

The following table shows public welfare expenditures for 1952 and 1953.

	Fiscal year 1952	Fiscal year 1953
Assistance payments.....	\$6,470,010.53	\$6,243,100.19
Old-age assistance.....	894,603.09	855,073.99
Aid to dependent children.....	3,169,088.97	3,132,146.05
Aid to the blind.....	53,334.11	82,426.54
Aid to the disabled.....	535,654.10	606,130.77
General assistance.....	1,320,799.33	1,147,550.64
Child welfare foster care.....	496,530.33	449,772.20
Administration.....	971,679.33	945,803.58
Grand total.....	7,441,689.86	7,188,903.77
Federal share.....	¹ 2,872,407.76	² 3,163,637.70
Net territorial.....	4,569,282.10	4,025,266.07

¹ Federal share is 38.6 percent.² Federal share is 44 percent.

United States Department of Health, Education, and Welfare

About \$12,500,000 of Federal funds and property directly benefiting more than 22,000 islanders were spent or made available in Hawaii under programs of the Department of Health, Education, and Welfare during the fiscal year ending June 30, 1953. Other thousands benefited substantially, though indirectly. The sum was distributed as shown below:

	Number directly benefited	Distribu- tion of Fed- eral funds
Old-age and survivors insurance (administration by Federal Government only):		
Insurance payments.....	13,500	\$5,450,000
Established number "policy (social security card) holders".....	370,000	
Public Health Service (administration by Federal Government only): Outpatient and dental clinics, protection against quarantinable disease from foreign sources, examination of federal employees.....	¹ N. A.	(?)
Public Health Service—Research, National Institutes of Health (University of Hawaii):		
Research project referred to as "Hawaii itch".....		5,450
Psychiatric social work.....		5,609
Federal credit unions (private groups): ²		
Assets.....	\$25,357,302	
Members.....	58,785	
Number of credit unions.....	123	
Public assistance (Territorial Department of Public Welfare): Federal grants for assistance to needy aged, blind, children, and disabled.....	7,800	3,365,789
Child health and welfare services (Territorial Department of Health: Territorial Department of Welfare): Federal grants for services for maternal and child health, crippled children; and child welfare.....	N. A.	348,445
Public health (Territorial Department of Health): Federal funds for general and mental health activities, control of venereal disease, tuberculosis, heart disease, cancer, cancer survey, hospital construction, Hansen's Disease, and research.....	N. A.	1,043,677

See footnotes at end of table, p. 29.

	Number directly benefited	Distribution of Federal funds
Educational programs (Territorial Department of Public Instruction):		
Federal grant for vocational education	N. A.	\$158,653
Federal assistance to schools in federally affected areas:		
Public Law 815 (construction)	N. A.	706,968
Public Law 874 (operation and maintenance)	N. A.	373,120
American Printing House for the Blind (Braille and other special materials)	13	379
Office of Education (University of Hawaii): Colleges of Agriculture and the Mechanic Arts	N. A.	74,580
Vocational rehabilitation (Territorial Office of Vocational Rehabilitation; Bureau of Sight Conservation and Work With the Blind)	882	145,160
Surplus property (Bureau of the Budget):		
Acquisition value of Federal surplus transferred to Hawaii for health and education purposes:		
Personal property received (materials and equipment)	N. A.	458,975
Real property (land and buildings)	N. A.	100,000
Other DHEW funds spent in Hawaii:		
For DHEW salaries and for local purchases of goods and services (estimated)		275,000
Grand total	22,255	12,511,805

¹ Not available.

² No direct distribution of federal funds.

³ This is a federally sponsored and inspected thrift organization which finances itself.

These funds and surplus property reaching Hawaii through the Department of Health, Education, and Welfare contribute substantially to the stabilization of island economy. Over \$8,000,000 identified with social security programs helped to cushion the disastrous effects that lack of income usually has on older people, children, and young families.

Institutions

To economize, work on many public service projects was either sharply curtailed or discontinued. The program was reviewed and modifications made as required.

Territorial hospital.—A slow but steady increase in patient population at the Territorial hospital in Kaneohe continued throughout 1953 with the result that it reached an all time high with nearly 1,200 patients. There has been a growing public demand for intensified treatment for narcotics addicts and chronic alcoholics.

Division of training schools.—During the year the Koolau Boys' Home and the Kawaihoa Girls' Home both experienced decreases in population, at one time the Boys' Home having 62 occupants and the Girls' Home 55.

The average daily population for the division has been 159.17 and the average staff 36.75. It cost the division \$472,435 for normal operation, and the daily per capita cost has been \$8.13 per child per day.

The homes received a number of limited term commitments from the various juvenile courts for terms of 60 days to 6 months. This program serves delinquent children in need of 24-hour supervision for short periods of time until they are able to find themselves. Upon release, the child is returned to the committing court and placed in the homes or foster homes supervised by the probation office. Because of the legislative retrenchment, the Maunaloa Forestry Camp will probably be forced to close because of the high per capita cost for operation.

Hawaii prison system.—There has been a steady increase during the year from 560 to 636. Public service road construction and permanent improvement projects have continued to absorb available prison labor. A beef cattle ranch on Hawaii has been progressing, some portions having been completed and stocked with a small breeding herd. An industrial safety program has been inaugurated, and membership secured in the National Safety Council.

The average daily population was 581 with an average per capita cost of \$3.85. The average staff numbered 127.

Waimano Home.—The legislature appropriated \$525,000 for construction of new dormitories at the institution for the feeble-minded and epileptic persons. The population increased by 20 patients during the year, the total being 706 at the end of the fiscal year. The home was designed to accommodate 500. The new construction will allow the addition of 100 more patients. This will take care of the known backlog of the urgent nonambulatory cases. The average number of staff was 148.

Farm production income was \$160,126. Beside furnishing therapeutic value for the patients, the farm supplied about 60 percent of the food requirements of the institution. The cost of producing the year's products was \$93,038, leaving a net profit of \$67,087.

General fund expenditures were \$721,151. Expenditures averaged \$2.85 per capita per day.

Division of parole and home placement.—Post institutional care and guidance was provided to 403 persons. The number of persons released on parole and conditional discharge from the two homes for delinquent and the home for the feeble-minded increased by 54 percent over last year's figure. The cost for these services was \$70,404.

Board of paroles and pardons.—The Board fixed 294 minimum sentences, paroled 163 prisoners, recommitted 87 for violation of parole and discharged 110. There were 99 petitions for executive clemency of which 54 were granted.

There were 941 prisoners on parole at the end of the fiscal year. Of this number 582 were residing in the Territory, 337 in the various

jurisdictions abroad; 22 were listed as absconders. Expenditures were \$58,026. Based on the average Territorial parole population of 591.6, the cost of supervising a felon represented only \$98.08. The field division in Honolulu is staffed with 4 parole officers.

Hawaiian Homes Commission

Although the Commission has not developed any new homesteads in the past 3 years other than the Waimea project on the island of Hawaii, the Commission awarded, during the year, 223 homesteads to new homesteaders. On Oahu, there were 8 in Nanaikapono, 5 in Papakolea, 17 in Kewalo, 38 in Waimanalo. There were 30 on Molokai. On Hawaii there were 45 in Keaukaha-Hilo-Kawaihae and 80 in the new project at Waimea. Of the homesteads awarded in Waimea, Hawaii, 48 were pastoral homesteads which included a house lot; 8 were agricultural homesteads including a house lot; and 24 were for house lots only.

The pressure for homesteads on the island of Oahu is increasing: The Commission has about 2,500 applications with no homesteads available.

Of the homesteads awarded above 118 were new homesteads including those in Waimea, 52 were transfers, and 53 were homesteads awarded after being surrendered by former lessees.

During the year the Commission awarded 161 loans for a total of \$521,488.12. These loans were awarded for the purpose of building new homes on the part of new homesteaders and for maintenance, alterations, and additions to existing homes.

The program of the Commission for the construction of new homes and renovation of substandard existing homes has been hampered because the loan fund is depleted. Public Law No. 482 authorized the increase of the loan fund from \$2,000,000 to \$5,000,000, and \$158,245 of new money has come into the loan fund via the Land Commission's office during the past year. However, the Commission still has on hand 105 requests for loans totaling \$268,187.

During the year plans for the Waimea project on the island of Hawaii were continued. There have been 80 applicants who have been awarded homesteads in that area. There still remains considerable work to be done, such as the completion of the irrigation system, expansion of the agricultural homestead project, extension of the residential development, and the construction of a road and water system throughout the pastoral homestead area.

Hawaii Housing Authority

Mayor Wright Homes, in Honolulu, a federally aided low-rent project of 364 dwelling units was completed. Kalihi Valley Homes, 400 units, and Kuhio Homes, 134 units, both federally aided low-rent projects in Honolulu are nearing completion. In the final stage of construction is the second section of Palolo Homes, 111 new permanent units financed with funds advanced by the Territorial government. Eighty-four of the dwellings are already occupied.

The construction of Kuhio Homes and Kalihi Valley Homes will be completed early in 1954. Construction cost compared with the statutory limit of \$1,750 is substantially low as shown by the room cost of \$1,316 for Kuhio Homes and \$1,436 for Kalihi Valley Homes. The structures are all two stories of reinforced concrete with concrete block partition. Windows, doors, and kitchen cabinets are of wood. Construction contracts for these two projects totaling \$4,500,000 were added to Hawaii's construction industry and offered various employment opportunities.

During the war years the Authority developed and operated certain "emergency housing" under the authority of the Governor's executive order. Through the use of "M-day funds" supplied by the Governor of Hawaii, 537 family dwelling units were constructed and 220 similar units, built by the Office of Civilian Defense, with federal funds, were transferred to the Territory without cost; 118 of these emergency homes had been demolished at the year's end and 98 additional are programmed for demolition in September. It is the Authority's policy to replace this housing with permanent new homes as financing permits. The Palolo construction is a part of this replacement program.

The financial condition of housing projects operated by the Authority is sound and good.

The projects in operation provided a total income of \$2,477,520. After accounting for all operating expenses and making payments in lieu of taxes in the amount of \$43,142, a balance of \$898,404 was available for interest charges and reduction of capital obligations.

Income of \$2,477,520 was received from property representing an original investment of \$19,303,481 of which \$5,325,000 has been refunded.

The capital which provided the investment of \$19,303,481 was from these three sources: Private funds \$7,708,397; Federal Government, \$6,601,733; and the Territory of Hawaii \$4,993,351. The private funds are represented by long-term bonds secured by the property and refundable out of rental net income in 40 to 60 years. The housing provided by the Federal Government was primarily of tempo-

rary character to meet emergency needs of World War II. Most of it is still in operation but the Public Housing Administration of the Federal Government is gradually relinquishing projects to the Hawaii Housing Authority as arrangements can be made under provisions of public laws which apply. The Federal Government has recovered \$2,510,919 of its original investment.

Of the \$4,993,351 invested in public housing by the Territory, \$3,734,686 represents funds appropriated by legislation and which must be refunded eventually out of dwelling rental net income. Of the balance, \$890,981 was the cost of housing constructed with Governor's M-day emergency funds and \$367,684 was for housing built out of net income from the operation of the emergency housing.

Veterans' Affairs

The Council on Veterans' Affairs was created by the 1951 session of the Territorial legislature. Its predecessor was the Territorial Council on Veterans' Affairs which was established in 1945.

The Council maintains offices, known as veterans' service centers, on Oahu, Kauai, Maui, and Hawaii.

Function of the Council is to "maintain or cause to be maintained an agency—which agency shall serve as a center to which veterans, their families and dependents may come for information, counsel, aid and assistance, and by which they may be directed or referred to any agency in the community which function it is, by law or otherwise to provide the services, assistance, or benefits, which in each instance appear necessary or appropriate."

The service centers in their years of work up to June 30, 1953, were contacted by approximately 151,000 veterans or members of their families. During the year ending June 30, 1953, statistics took a sharp upturn. This was due to the new rotation policy instituted by the armed forces in discharging personnel.

Veterans of all conflicts constitute a large part of the Territorial population. There are 20 living Spanish-American War veterans. Ninety-eight hundred residents of Hawaii entered the Armed Forces during World War I, and 37,000 entered the services here in World War II. In addition, it is estimated that 5,000 veterans of World War II, who entered the service from mainland States, now make their home in Hawaii.

During the Korean conflict 22,296 served or are now serving in all branches of service.

Services offered by the veterans' service centers are difficult to lump into groups. Some of the jobs performed by the centers can be classified as unusual. It includes emergency furlough for servicemen. The

centers are also requested by veterans and servicemen in petitioning for return of parents, wives, and fiancées. In some cases when a bride arrived from a foreign land, a staff member has been requested to become a member of the wedding party and give the bride away. In addition, citizenship classes have been conducted for these foreign brides and for servicemen who were born outside the United States.

On the islands of Maui, Hawaii, and Kauai, staff members act as funeral officers for Korean war dead or veterans who have died since discharge. On Oahu, because of the National Cemetery, not much of this type of work is done, unless the veteran is buried in a private cemetery.

A statistical record for the year ending June 30, 1953, shows contacts in excess of 10,000. These contacts included such standard problems as claims for back mustering and combat pay; jobs, civil service appeals, unemployment compensation, loan information, medical attention, disability pension, class "Q" allotment, lost discharges and bonds, State bonuses, change of name and contacting survivors of those killed in action. In addition, there have been many cases of transportation difficulties, domestic troubles, evictions, high rentals, and veterans having trouble with contractors building their homes.

For the biennium of 1953-55 the Council's budget is \$84,600.

PUBLIC SAFETY

Civil Defense

A stockpile of medical supplies and equipment was purchased on a matching fund basis in the amount of \$385,216 and stored in underground tunnels. The Federal Civil Defense Administration allocated \$250,000 worth. The purchase of a 200-bed improvised hospital unit has been approved at a total cost of \$28,555. It also approved of \$110,706 in matching funds for equipment and supplies for six additional training programs comprising warden training, fire services, information and education, health and special weapon defense, communications and first aid, and training.

Two rescue vehicles complete with equipment were procured from the mainland and placed on the islands of Oahu and Hawaii; Maui's rescue vehicle was built locally. Matching funds were used. Rescue crews have received intensive training.

In the public information and education program special emphasis was given to the school phase. A training booklet was distributed to the schools in September.

Hawaii National Guard

The Hawaii National Guard at the middle of the year ranked second among 52 States and Territories in the percentage of authorized National Guard strength actually recruited. The guard numbered 5,821, or a decrease of 97 over the previous year. The ground units lost 208 members while the Air units gained 111. The guard was authorized on June 30, 1953, to have a total of 65 units, of which 5 would be Air and 60 Army, with an authorized strength of 8,656.

Units of the guard continued to follow the 3-year training program set up by the Department of the Army and a special training program outlined by the Department of the Air Force for the Air National Guard.

An outstanding feature of the year's training was the several air-lifts of troops accomplished by the Pacific Division, Military Air Transport Service. Over 2,400 troops were flown to training and return from outlying islands of Hawaii, Maui, Molokai, and Kauai. Five thousand seven hundred and seventeen officers and men were present at field training, resulting in a record 98 percent of personnel in attendance. Special training activities during the year in cooperation with the regular Army services and local civil defense agencies included a CPX in November, and a full-scale 2-day maneuver involving all troops on Oahu in February.

Only one emergency occurred during the year which required the use of guard troops and that was a forest fire on the slopes of Haleakala on the island of Maui. An infantry battalion was mobilized for the period of 3 days to fight the fire in difficult forest terrain.

Federal funds amounting to \$3,748,452 were expended in support of the guard during the fiscal year. Of this amount \$845,634 was for air units support and \$2,836,403 for Army units. The Territory expended \$481,304 on the guard during the same period, making a ratio of 7.7 Federal dollars to one Territorial dollar.

Major items for which Federal funds were expended included pay of Hawaii National Guard personnel for attendance at various training activities, pay of full-time civilian employees, pay of regular service instructor personnel on duty with the Hawaii National Guard, maintenance and construction of various facilities, subsistence at field and weekend training, and the provision of operating supplies.

The Army replaced certain equipment that was obsolete, or which had been turned in to meet worldwide military requirements, most of which included vehicle replacements. During the last quarter a number of the new, highly approved radio sets were received.

The legislature modernized the military laws of the Territory and clarified the status of employees of the Military Department paid from

federally provided funds insofar as the military personnel were eligible for membership in the Territorial employees' retirement system. The general appropriation bill passed provided \$780,189 for Territorial support of the guard during the biennium.

AGRICULTURE AND NATURAL RESOURCES

The total land area of the Territory of Hawaii is 4,099,840 acres of which 309,130 acres or 7.5 percent is under intensive cultivation. Areas devoted to grazing of range animals comprise about 36 percent of the total land area. Most of the rangeland is used for beef cattle production.

Agriculture and Forestry

The production of sugar, the most important agricultural crop, increased 2 percent over the bumper crop of 1951, and amounted to 1,020,450 tons of 96 degree sugar. About 222,000 acres were in sugar.

There were about 74,000 acres in pineapple production, and the total pack of canned pineapple and its products increased from 26,075,606 cases for the crop year ending May 31, 1952, to 29,476,494 cases for the crop year ending May 31, 1953.

There were 3,500 acres in coffee which produced 2,200 pounds per acre with a total production of 7,700,000 pounds.

Exports of fresh papayas and fresh pineapples continued to increase with the outlook for further increases promising, particularly with respect to papayas.

Standardization studies of fresh fruits and vegetables continued and 11 grades for Hawaii grown fruits and vegetables were promulgated.

Export air shipments of cut flowers to mainland markets dropped from 199,000 pounds in 1951 to 151,000 pounds in 1952, but there was an increase in foliage shipments from 237,000 pounds to 259,000 pounds. Foliage shipments include anthuriums, heliconias, bird of paradise and other tropical items.

There was a slight increase in beef production and a slight decrease in milk. The production of eggs increased about 20 percent. The production of poultry meat increased 7 percent and the production of pork about 10.

Approximately 350,000 insects were reared under laboratory conditions for release in the field as a pest control.

Fisheries.—The total fish catch for the Territory amounted to 13,916,289 pounds in 1952, and was valued at \$3,449,423 to the fishermen, representing a decrease of 28.7 percent in weight and 13.5 percent

in value over the last year. The decrease was principally due to the small aku catch obtained during the year.

Significant research was done on the use of artificial bait substances by the University of Hawaii under contract with the Pacific Oceanic Fishery Investigation of the Fish and Wildlife Service.

Forestry.—Development of recreational facilities and forest reserves was emphasized during the year. Reserve land in the Olaa district of Hawaii was turned over to the National Park Service as a wilderness area and 7,721 acres on Hawaii and Oahu were released from reserve status and returned to the jurisdiction of the Land Commissioner for sale or leasing for agricultural purposes.

Rainfall and streamflow measurements showed high values for forest cover as compared to fern cover in retarding runoff.

Public Lands

The most pressing project of the Governor's land program is the subdivision and settlement of public lands in the Ahupuaa of Waimanalo. A plantation had operated on these lands for many years under a prior lease executed before Hawaii became a part of the United States. The lease covered an area of 3,206 acres of which 2,307 were classified as caneland. In 1947 the plantation, with the consent of the Government, assigned the lease to the Waimanalo Agricultural Co., Ltd., and went out of business. The lease expires on November 23, 1953. The new lessees subleased the major part of the area to small farmers and subleased the houses and stores that constituted the campsite and village to residents and businessmen of the area.

In furnishing irrigation water to its sublessees, the development company used a portion of the irrigation system of the former plantation, but was obliged to purchase water from the owner of the adjacent valley. In spite of the best efforts of the development company there is an insufficient supply of water available to the farmers.

The legislature created an Irrigation Authority with power to develop and supply irrigation water, levy assessments against the land, include an irrigation project for capital expenditures and to charge tolls for the cost of maintenance and supplies.

There still remain to be solved the multitudinous problems of the largest subdivision of land that has taken place in Hawaii since the Great Mahele in 1856.

The second large subdivision of lands for homesteading lies in the volcano area on the island of Hawaii. This is an area of about 1,000 acres of virgin forest which is being divided into 33 farm lots.

A third large area desirable and available for homesteading lies at Waimea on the island of Hawaii, where there are lands suitable for agriculture if reasonable amounts of irrigation water can be developed.

On the island of Maui there is a little farming land available, but additional house lots will be opened in the near future and some pasturage areas offered for homesteads.

On the island of Kauai the survey of areas for possible homesteading is not complete.

One of the greatest problems for the Department in its program to open substantial areas of Government land as homesteads for farmers and cattlemen is the limited amount of money available for loans to them under the Bankhead-Jones Act. Hawaii's Organic Act permits homesteading except in the case of homesteads already issued and forfeited only to those citizens who have "qualified for and received a loan under the provisions of the Bankhead-Jones Farm Tenant Act." Only \$300,000 to \$400,000 are available for such loans in Hawaii so that Waimanalo homesteading cannot be completed soon, and all but the volcano area homesteading must be postponed until further funds become available.

With the signing of the Korean truce, the Land Office is anxious to have negotiations completed for surplus lands in Hawaii under the jurisdiction of the United States Department of Defense to be returned to their former status. Some of those areas have been agreed upon, but some upon which there was disagreement by the Land Use Committee, comprised of representatives from the Army, Navy, Air Force, and civilian life, should be pressed for decision with the Secretary of the Interior and the President.

Survey Department

Federal, Territorial, and county offices were furnished with 544 descriptions of survey with individual sketch plans attached. These were the result of field surveys or compilations from office records based on previous surveys. For the land court 23 original applications comprising 33 lots with a total area of 159 acres were reported during the year, and 341 maps of subdivisions of registered titles were examined and approved. These comprised 2,432 lots with a total area of 228,175 acres. There were 29 title and boundary studies in land court cases made and reports submitted to the Attorney General. Filed for the record in the registry of conveyances were 17 filed plans comprising 966 lots with a total area of 269 acres, these being subdivisions of private property.

Geographic positions of six triangulation stations were reestablished, and a new triangulation station at Koloa, Kauai, was established.

On the island of Kauai a classification survey was made of 29,000 acres of Government land of Waimea. Seventy acres were surveyed for the proposed Waimea Heights house lots, and 20 acres staked for the Weliweli house lots subdivision. In the district of South Kohala, Hawaii, 163 lots were staked of the Puako Beach lot area.

Of new maps 6 were registered and 18 plans and tracings were completed during the year.

For the Hawaiian Homes Commission on the island of Oahu subdivisions were made of homestead lots at Nanakuli, Waimanalo, and Papakolea. Surveys have been made on the island of Hawaii comprising new subdivisions for agricultural homesteads and residence lots.

Public and Government offices were furnished with 34,416 prints of survey material.

The expenditures of the Department were \$139,093.

Hawaii National Park

The 1952 eruption of Halemaumau, the fire pit of Kilauea Volcano on the island of Hawaii, lasted for 136 days, ending on November 10. This activity represents the first in this volcano since 1934. At the outset of the eruption on June 27, 1952, the floor of the fire pit stood 770 feet below the rim. The deposit of some 63 million cubic yards of lava during the eruption raised the floor of the crater by 310 feet, meaning that the floor now stands 460 feet below the rim. It is estimated that 400,000 visitors observed the eruption. One death, an apparent suicide, occurred on August 29 when a Honolulu visitor plunged into the erupting volcano.

The new Hawaii National Park Museum, which has been named the Thomas A. Jagger Memorial Museum, was dedicated on May 23. For the most part, the museum was constructed from funds donated by the Hui O Pele and the Hawaii Natural History Association. The museum is named after the eminent volcanologist who devoted 40 years of his life to the study of Hawaii's volcanoes.

The Honorable Orme Lewis, Assistant Secretary of the Department of the Interior, made an inspection visit of the park in May 1953. While in Hawaii, Mr. Lewis also inspected the site of the proposed City of Refuge National Historical Park at Honaunau, Kona. The visit of this official was of great assistance to the park administration.

All park facilities received substantial maintenance and rehabilitation work throughout the fiscal year. Extensive seal-coating work was done on primary roads, bringing them up to a standard unequalled since World War II. Trails, buildings, utilities, and all other physical improvements were rehabilitated generally.

A new 20-year contract was approved for the Kilauea Volcano House, Ltd., the Kilauea section concessioner. In April the concessioner undertook the construction of an 8-room addition to the Volcano House to supplement existing visitors' facilities. The completion of the new wing is scheduled for September 1953.

Two Executive orders were approved by the Governor of Hawaii transferring certain Territorial lands to the jurisdiction of Hawaii National Park under the authority of the act of June 20, 1938. The first, Executive Order No. 1540, transferred 9,654 acres of land in the Upper Olaa Forest Reserve. These lands contain the outstanding virgin forest in the Hawaiian archipelago and constitute a significant addition to the park. The second Executive Order, No. 1544, set aside 8,193 acres of lands in Kaalaala, Kau, for addition to the Kilauea section. These lands contain extensive lava flows and features of archaeological and scenic interest. From an economic point of view, they are valueless. In addition, the Territory quitclaimed 10,492 acres of the land of Kamoamo for addition to the Kilauea section of the park.

Dr. Henry A. Bess, park collaborator, undertook studies of the fern weevil infestation in the park. Dr. Bess' work is all preliminary to undertaking measures to control the threat to the heavy fern growths in the park.

Collaborators Henry E. P. Kekahuna and Theodore Kelsey of Honolulu continued their archaeological investigations at the proposed City of Refuge National Historical Park. Their findings are now in the course of publication.

Visitors during the fiscal year numbered 613,843. This is the largest number of visitors recorded over a period of one year in the history of Hawaii National Park.

Legislation proposing the establishment of the City of Refuge National Historical Park was reintroduced in the 83d Congress. The bill was passed by the appropriate House committees and by the House but was not acted upon by the Senate Interior and Insular Affairs Committee before the fiscal year expired.

PUBLIC SERVICE AND REGULATION

Secretary of Hawaii

The Twenty-seventh Legislature convened on February 18, 1953, and adjourned sine die on May 19, 1953, a period of 75 legislative days. The session was extended 15 days by proclamation of the Governor.

Several acts signed by the Governor directly concerned the functions of the Secretary of Hawaii. The sum of \$41,500 was appropriated for compiling the statutes; a commission was appointed for this purpose. A law was passed transferring the powers and duties of the Governor to the Secretary of Hawaii relating to changes of names in the Territory. The sum of \$50,000 was appropriated to provide for the use of voting machines in all Territorial, county, and city and county elections. A few amendments were made to the election laws for the expeditious handling of election procedures.

The Hawaiian Birth Registration Division received 783 applications for Hawaiian birth certificates.

Archives

On the occasion of the 110th anniversary of the restoration of Hawaii's sovereignty by Adm. Sir Richard Thomas, July 31, and the day on which King Kamehameha III gave Hawaii the motto "Ua Mau Ka Ea O Ka Aina i Ka Pono"—The life of the land is perpetuated by righteousness—a new Archives Building for the Territory of Hawaii was dedicated.

The Public Archives continues to get such requests for answers to questions as "Where are Queen Kapiolani's coronation robes?" "What are the early methods of washing clothes by Hawaiians?" "On what date was the monkeypod tree planted on the Library of Hawaii grounds?" "How long did it take news to travel from Honolulu to the other islands in 1858?"

Transferring records and other historical material into the new building is of first consideration for the immediate future.

Public Works

The Department let \$5,441,938 in contracts for new highway projects in the fiscal year in the effort to meet deficiencies of the Federal-aid highway system. It would take 10 times Hawaii's present annual income for highways to bring parts of its system to the minimum standards required by today's motor-vehicle travel. Because increasing traffic has been outdating roads at a faster rate than they can be built, there will not be adequate highways in all parts of the system until 1963.

During the year the Highway Department continued improvements on four major routes: (1) the Honolulu-Pearl Harbor Road—four contracts totaling \$3,146,783 were completed during the year creating 1 mile of new six- and eight-lane highway for the makai arterial. (2)

Mauka Arterial—three contracts totaling \$1,844,902 were in progress and covered about one consecutive mile of construction, including a bridge on a future ramp to the new expressway. (3) Pali Highway—the first section of this new highway is expected to be completed in December, the \$514,373 contract will connect the upper leg of a hair-pin turn to the Castle Ranch office junction with a new stretch 1.12 miles long. (4) Hamakua Coast Route—three contracts totaling \$4,027,000 were completed on the 40-mile Hamakua Coast route on the island of Hawaii, representing about six and a half miles of construction.

The Highway Department's policy calls for financing improvements of current income rather than by the much costlier bond method. It received 4 cents per gallon of the Territorial gasoline tax and 3 cents of the diesel tax. After deduction of certain charges fixed by law the Department's share of the fuel tax is used to match Federal funds for highway construction.

Construction contracts placed for all Federal-aid highways, airports and other public works totaled \$7,149,083 as compared with \$7,723,447 for the previous fiscal year.

Biggest airport contracts were for lighting and power facilities at General Lyman Field at Hilo, costing \$147,490, and for installation of medium intensity lighting at Honolulu International Airport, costing \$146,068. Another airport contract provided for a freight and passenger terminal for the new airport at Kamuela on the island of Hawaii.

A new building for the marine biological laboratory and aquarium at Waikiki Beach was started under a \$286,889 contract. A new building for the Public Archives of Hawaii, a two-story reinforced concrete structure on the Iolani Palace grounds was built for \$273,800.

There was considerable public interest in the \$82,810 recreational project at Waikiki Beach. The contractor built a 750-foot seawall offshore and dredged a swimming area along the protected side. New sand is being added to widen the beach. The legislature appropriated \$835,000 for continued development of the Waikiki Beach area.

Hawaii Aeronautics Commission

Topping the list of significant accomplishments during the year was the inauguration of the new Kamuela Airport on the island of Hawaii, built entirely with Hawaii Aeronautics Commission funds, and costing nearly \$1,000,000. The new runway is 5,100 feet long. The joint passenger-freight terminal building, first design of this type in the islands, is also completed. This new facility will be a boon to the agricultural, social and economic development of the island of Hawaii

The new terminal and administration building for the city of Hilo on the island of Hawaii is nearly complete. The contract cost of the building itself was \$365,000. The project includes the erection of a control tower with adjoining terminal, administrative and concession facilities. Construction is almost completed for supporting paved facilities consisting of taxiways, plane parking aprons, and other terminal area improvements. The cost of these additional improvements is estimated at \$102,000.

Extensive renovations to the Lihue Terminal on the island of Kauai were completed. Facilities for the better handling of passengers, baggage and visitors were added at an estimated cost of \$100,000.

Among projects under construction include the installation of medium intensity lighting for runway 4L-22R, at Honolulu International Airport; installation of an electrical system and high intensity lighting for Hilo Airport's runway 8-26; a private plane hangar and freight terminal for Hilo; construction of a drainage system from Molokai Airport; and an extension of the pavement at the Kalau-papa airstrip.

Progress on the planning of a new terminal for the Honolulu Airport was retarded during the year due to a land utilization problem. Terminal facilities proposed by the Commission encroached upon land under the jurisdiction of the United States Navy and negotiations seeking adjustments were not successful. Revised plans are being prepared.

At the Honolulu International Airport, traffic continued at a high level. Total aircraft operations (landings and takeoffs) for the fiscal year was 194,129. This compares with a total of 201,049 of the previous year or a loss of 3.4 percent.

Interisland passenger traffic soared to an unprecedented peak of 554,900. This was due in part to the increase of passenger traffic in July and August of 1952, resulting from a spectacular eruption of Kilauea Volcano on Hawaii Island.

Overseas passengers handled reached a total of 178,500 or an increase of 16 percent. More tourists are coming to Hawaii by air than by surface transportation, the ratio today being approximately 2 to 1.

Air cargo operation decreased by 2 percent. Total air cargo handled during the year was 25,920,000 pounds compared with 26,448,721 pounds of the previous year.

Airmail poundage increased by 6 percent.

The 1953 legislature reduced the aviation fuel tax from 4 to 3½ cents per gallon.

In the year just ended Federal funds received by the Commission totaled \$251,010.

Board of Harbor Commissioners

The earnings of the Board of Harbor Commissioners for the fiscal year ended June 30, 1953, were \$1,531,030 compared with adjusted income of \$1,356,993 for the previous fiscal year.

Bids for construction of new terminal facilities at pier 2 in Honolulu Harbor were opened on July 30, 1953.

The following is a comparative tabulation of the inward and outward overseas vessels and cargo tonnages for the fiscal year ended June 30, 1953:

Port	Number of vessels		Inward cargo (tons)		Outward cargo (tons)	
	1952	1953	1952	1953	1952	1953
Honolulu.....	1,123	1,132	2,372,096	2,547,486	595,036	¹ 825,672
Hilo.....	206	220	262,173	264,224	339,628	462,634
Kahului.....	188	178	213,125	218,995	401,601	401,013
Port Allen.....	100	104	63,017	59,378	61,975	122,001
Nawiliwili.....	104	115	62,439	63,314	213,701	283,217
Total.....	1,721	1,749	2,972,850	3,153,397	1,612,241	2,094,537

¹ Includes 241,505 tons of fuel oil. Outgoing fuel oil was not included in previous reports.

NOTE.—Tabulation does not include interisland barge shipments.

Passenger arrivals by surface transportation declined from 23,948 in 1952 to 22,552 in 1953, a decrease of 996. The gross tonnage of overseas vessels passing in and out of Honolulu Harbor during 1953 was 9,823,619, compared with 9,564,719 in 1952.

Public Utilities

Utility companies in the Territory generally were in sound financial and operating condition at the close of the fiscal year 1952-53.

During the year the Commission held 14 quorum meetings and 26 sessions of public hearings. It disposed of 33 formal matters by issuing 12 decisions and 33 orders, providing, among other things, for substantial expansion and betterment in electric, gas, and telephone plant, increases in electric, telephone, and mass transportation rates and fares, extension of electric service to additional rural areas and marked improvement of utility services, particularly telephone service.

Employment in the utility industries in the Territory during the past year has been relatively stable.

The total gross revenues of all utility companies in the Territory during the year 1952 amounted to \$47,926,065 as compared to \$42,361,995 in 1951, an increase of 13.1 percent. Total utility expenses and costs amounted to \$42,510,517 during 1952 as compared to \$38,177,253 in 1951, an increase of 11.4 percent. Total utility net income, which increased from \$4,184,742 in 1951 to \$5,415,548 in 1952, repre-

sented an average return of 5.18 percent on the 1952 net investment in utility properties, which amounted to \$104,468,323. This investment represented an increase of 7.9 percent over the 1951 figure of \$96,838,064.

The 10 electric companies, with gross revenues of \$17,682,870 and expenses amounting to \$14,964,098, earned a net return of \$2,718,772 or 4.96 percent of their combined rate base amounting to \$54,774,142.

The Territory's only gas company, which operates on the islands of Oahu and Hawaii, retained \$386,969 as net earnings from gross revenues of \$3,485,780, which net earnings represented a return of 5.4 percent on its rate base amounting to \$7,164,087.

The Mutual Telephone Co., which is the only telephone company in the Territory and which operates on all islands, with gross revenues of \$10,404,640 and expenses amounting to \$9,009,946, earned a net return of \$1,394,694 or 5.4 percent on its rate base amounting to \$25,963,860.

Net earnings for other classes of utilities varied from a high of 9.59 percent for terminal companies to a low of a minus 10 percent for motor-vehicle common carriers.

The net increase in investment in utility plant in 1952 over 1951 was \$7,630,259. Net growth in electric and telephone investment amounted to \$2,719,672 and \$3,103,693, respectively, and together accounted for 76.3 percent of the total growth in utility investment during the year 1952.

During the fiscal year ended June 30, 1953, the Commission authorized new capital for utility companies amounting to \$16,590,000 as compared to \$12,380,211 authorized during the fiscal year 1951-52, an increase of 34 percent. A summary of new capital authorized during the past fiscal year is tabulated below:

Company	Bonds	Stocks	Total	Purpose
Mutual Telephone Co.....	\$2,500,000	\$3,500,000	\$6,000,000	Plant additions and betterments.
Hawaiian Electric Co., Ltd.....	4,000,000	3,000,000	7,000,000	Do.
Kona Light & Power Co., Ltd.....		90,000	90,000	Do.
Maui Electric Co., Ltd.....	1,000,000		1,000,000	Do.
Hilo Electric Light Co., Ltd.....	1,000,000	500,000	1,500,000	Do.
Honolulu Gas Co., Ltd.....		1,000,000	1,000,000	Do.
Grand total.....	8,500,000	8,090,000	16,590,000	

Total taxes assignable to utility operations for 1952 amounted to \$6,503,007, as compared to \$6,468,702 in 1951, an increase of .53 percent.

Total taxes expressed as a percentage of gross revenues decreased from 15.27 percent in 1951 to 13.57 percent in 1952.

LABOR

Industrial relations in Hawaii were relatively harmonious and stable during the first part of the fiscal year. During the latter part of the year, incidents occurred which caused the picture to change.

Labor and Industrial Relations

Approximately 20,000 of the International Longshoremen and Warehousemen's Union walked off their jobs in protest of the conviction of the union's regional director under the Smith Act, causing a shutdown of all shipping operations, pineapple harvesting and sugar plantation activities on all islands for a few days. This action occurred in June at the time contract negotiations were in process in the stevedoring and sugar industries.

While the record shows that work stoppages decreased about one-third, the workers involved increased to about double that of last year and the estimated man-days of idleness rose appreciably. A serious disruption occurred at Waialua Plantation, a slowdown which lasted 3½ months and caused hardships to workers and company alike.

Two public utilities, the Honolulu Rapid Transit Co., Ltd., and the Honolulu Gas Co., were embroiled in difficulties at the year's end. Both cases were later settled.

Mediation services were offered on all local disputes and active participation was taken in several. Two other disputes resulted in strikes in spite of intensive and prolonged mediation efforts on the part of the Department.

Except for seasonal fluctuations, total employment in the Territory showed little change during the fiscal year. Employment averaged 183,770 as compared with 184,600 in 1952, which experienced the highest employment of any postwar year.

Federal employment, always a dominant factor in the Territory's economy, declined steadily throughout the year with the reduction of civilian workers from military installations. This was primarily responsible for the overall decrease. In spite of these cutbacks, Federal employment at the close of the year was 33 percent higher than the pre-Korea level.

Unemployment in the Territory, which had remained relatively low during the previous years, increased somewhat during the fiscal year. The number of unemployed persons averaged 9,200 as compared with 7,750 in 1952. Graduation of more than 7,000 high school and college youths, of whom 84 percent immediately entered the labor force, was responsible for a sharp decrease in the middle of the year.

Reflecting a rise in the Territorial volume of unemployment was a 37-percent increase in employment secured benefit payments. Payments totaled \$2,706,531 as compared with last year's \$1,970,836. Persons receiving 24 payments of unemployment insurance benefits numbered 2,520 as compared with 1,549 in 1952.

Salaries and wages paid industrial workers covered by unemployment insurance during the calendar year 1952 totaled \$289,053,786 compared with \$272,253,727 in 1951. The average weekly wage increase from \$54.53 in 1951 to \$56.45 in 1952.

The cost of living in Hawaii increased 1.6 percent during the year, compared with 2.8 percent in 1952. Consumer goods reached the highest peak recorded since 1943, when it attained 140.4 or four-tenths of 1 percent under the all-time high.

The high rate of industrial injuries continued and averaged 1,773 monthly or 21,274 during the year. This figure was slightly less than the prior year. The direct cost to employers and insurance companies amounted to \$1,717,446 or an increase of \$109,151. During the year 1,466 wage and hour inspections were conducted. The coverage was established in 1,226 firms employing 23,890 workers, and benefits applied to 19,842 employees. One hundred and eighty-one employers were found in violation of the wage-hour law and 1,013 employees received back wages amounting to \$49,755, of which \$24,803 represented overtime violations, \$2,576 minimum-wage violations and \$22,376 unpaid wages.

The Wage and Hour Division received 74 complaints. Sixty-five complaints were investigated, 59 of which were alleged overtime violations, 4 minimum-wage violations and 2 unpaid wages.

With the new minimum wage of 65 cents on Oahu and 55 cents on the other islands, Hawaii will, for the first time in several years, find a more meaningful floor under wages. A total of 6,766 child labor certificates were issued for the island of Oahu accounting for 4,631.

The wage claim division processed 402 claims totaling \$37,410. Of these, 280 were settled for \$21,708 and 53 claims for \$5,466 were dropped. There were 69 claims for \$10,235 pending.

Apprentices numbering 523 were registered, a 38.7-percent increase and the highest enrollment in the 12-year history of the Territorial Apprenticeship Council.

Employment Relations Board

During the past year, the Hawaii Employment Relations Board was inactive. It did not handle either any election for collective bargaining representatives or any all-union referendum or any unfair labor practice complaint.

There are two principal reasons for the lack of activity. First of all, the Board's field of operation is small because the Federal statute is supreme and its coverage is quite broad. Secondly, the Board acts only on the request of an employer or an employee and does not initiate action.

While the Board does have jurisdiction over agricultural employees, because they are excluded from the coverage of the Federal act, the employees in this field have been getting along without coming to the Board.

PERSONNEL AGENCIES

Civil Service

During the fiscal year 1952-53, the classification of positions and the pay of employees in the Government service were problems of community-wide interest, with considerable attention given to it by legislators, Government employees, employee associations, and taxpayer groups. The 1951 legislature had established a Salary Standardization Board which arranged for a survey of positions in the Territorial and county services. In February 1953, the Board adopted a classification plan which met with enough opposition that the 1953 legislature (1) repealed the act establishing the Board and voided its work; (2) provided for retroactive pay for a 2-year period (1951-53) based on the classification plan adopted by the Salary Standardization Board and the assumption that this plan had been in effect for the past 2 years; and (3) adopted a classification plan which was founded on the old classification plan being superimposed on a new pay schedule. Unfortunately, previous classification inequities were not resolved. These inequities will continue to exist since, by this same law, corrective classification actions cannot be taken except for extremely exceptional cases and can be made effective only if appropriated funds are available.

Legislative recognition was given to employer-employee relations and fringe benefits for employees. A grievance procedure setting forth in detail the principles to be embodied in the civil-service rule which would establish such a procedure was mandated.

Provision was made for a department head to promote an employee, who has civil-service status, without an examination. However, this type of a promotion was limited to an advancement of two grades and with the condition that the employee meet the requirements for the higher position.

As a further inducement to attract and to retain capable individuals in the service as "Government career" employees, an in-service-training program was prescribed as another function of this Department.

Statistics on personnel transactions for the year ending 1952 indicated a trend toward greater employment stability. Separations for the year totaled 660 which compares favorably with a postwar high of 1,031 during 1948 and the past 5-year average of 840.

A total of 332 examinations were announced to meet the needs of "line" departments. In an endeavor to recruit the best available talent, particularly for the specialized and technical classes of positions, 53 examinations were announced more than once. Examination announcements for the clerical and stenographic classes of positions yielded over 2,000 applicants.

Interest in employment in the Territorial service has increased noticeably as evidenced by the increasing number of callers seeking employment and their requests for the placement of their names on post card mailing lists, which contain more than 4,000 names.

Retirement System

As of June 30, 1953, there were 17,703 active and inactive members of the employees' retirement system of the Territory of Hawaii.

There were 1,071 beneficiaries on our retirement payroll as of June 30, 1953, and the total amount paid beneficiaries during this period was as follows:

Classification	Number	Annual pensions and retirement allowances
Legislative pensions, Act 261, SL 1925.....	5	\$3,660.00
Retired teachers (old pension system).....	4	2,400.00
Service retirement.....	843	719,965.50
Ordinary disability retirement.....	140	96,522.12
Accidental disability retirement.....	59	80,497.23
Accidental death pensions.....	20	17,611.41
Total.....	1,071	920,656.26

As of June 30, 1943, the membership of the system totaled 10,988 and investments amounted to \$15,204,446.27 as compared to 17,703 members and total investments amounting to \$67,530,327.61 as of June 30, 1953.

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